IVS GROUP S.A.
REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

pursuant to Article 123-*bis* of Italian Law n. 58/1998 (TUF) and Article 68-ter of Luxembourg Law n. 12/2002

related to the financial year ended on December 31st 2019

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

DEFINITIONS 4

1. COMPANY PROFILE 6

2. INFORMATION ON OWNERSHIP STRUCTURE at 31 December 2019 (in accordance with art. 123-bis, paragraph 1, TUF). 6

a) Capital structure (in accordance with art. 123 -bis, paragraph 1, clause a), TUF) 6

b) Restrictions on the transfer of securities (in accordance with art. 123 -bis, paragraph 1, clause b), TUF) 8

c) Significant holdings (in accordance with art. 123 -bis, paragraph 1, clause c) TUF). 8

d) Securities with special control rights (in accordance with art. 123 -bis, paragraph 1, clause d) TUF) 9

e) Employee share scheme: mechanism for the exercise of voting rights (in accordance with art. 123-bis, paragraph 1, clause e), TUF) 9

f) Restrictions on voting rights (in accordance with art. 123 -bis, paragraph 1, clause f) TUF) 9

g) Shareholders agreements (in accordance with art. 123 -bis, paragraph 1, clause g) TUF) 9

h) "Change of control" clauses (in accordance with art. 123 -bis, paragraph 1, clause h), TUF) and statutory provisions on takeover bids (in accordance with articles 104, paragraph 1-ter and 104-bis, paragraph 1) 9

i) Delegated powers regarding share capital increases and authorization to the buy-back (in accordance with art. 123-bis, paragraph 1, clause m), TUF) 10

l) Management and coordination activity (in accordance with art. 2497 et seq Italian Civil Code) 11

3. COMPLIANCE (in accordance with art. 123-bis, paragraph 2, clause a) TUF) 11

4. BOARD OF DIRECTORS 12

4.1. Appointment and replacement (in accordance with art. 123-bis, paragraph 1, clause l), TUF) 12

4.2. Composition (in accordance with art. 123 -bis, paragraph 2, clause d) and d-bis), TUF) 13

4.3. Role of the Board of Directors (in accordance with art. 123 -bis, paragraph 2, clause d) TUF) 20

4.4. Delegated bodies 21

a) Executive Directors 22

b) Chairman of the Board of Directors 22

c) Chief Executive Officers 22

d) Chief Financial Officer 23
4.5. Other Executive Directors 23
4.6. Non-Executive Directors 23
4.6.1. Independent Directors 23
5. TREATMENT OF CORPORATE INFORMATION Internal management and disclosure of privileged information 24
Internal Dealing 24
6. INTERNAL COMMITTEES OF THE BOARD (in accordance with art. 123 -bis, paragraph 2, clause d), TUF) 25
7. APPOINTMENT AND REMUNERATION COMMITTEE (in accordance with art. 123-bis, paragraph 2, clause d), TUF). 25
8. REMUNERATION OF DIRECTORS 26
9. INTERNAL CONTROL COMMITTEE 27
10. THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM 28
10.1 Director in charge of the Internal Control and Risk Management System 29
10.2. Internal Audit Manager 29
10.3. Organizational Model in accordance with Legislative Decree No. 231/2001 31
10.4. Audit Firm 32
10.5 Manager in charge of the preparation of the Company's Financial Reports 32
10.6 Guidelines for the Internal Control and Risk Management System (coordination between the parties involved in the internal control and risk management system) 33
11. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES 33
12. APPOINTMENT OF STATUTORY AUDITORS 35
13. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (pursuant to Article 123-bis, paragraph 2, clause d), of the TUF) 35
14. RELATIONS WITH THE SHAREHOLDERS 35
15. GENERAL MEETINGS OF SHAREHOLDERS 35
16. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (in accordance with article 123-bis, paragraph 2, clause a) TUF) 37
17. CHANGES SINCE THE END OF THE FINANCIAL YEAR. 37

DEFINITIONS

In this document, the following expressions have the meaning indicated below:

- **"Appointment and Remuneration Committee":** the Company's committee in charge of the assignments ruled by the Borsa Italiana Code for both appointments and remuneration committees.
- **"Articles of Association":** the Company's Articles of Association approved upon its incorporation and subsequent amendments.
- **"Board of Directors"** or **"Board":** the Company's Board of Directors.
- **"Borsa Italiana Code":** the Corporate Governance Code for listed companies approved on March 14th 2006 by the Corporate Governance Committee as amended last in July 2018 and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria and subsequent amendments.
- **"Borsa Italiana Instructions":** the Instructions to the Rules of the Markets organized and managed by Borsa Italiana S.p.A. and subsequent amendments.
- **"Borsa Italiana Rules":** the Rules of the Markets organized and managed by Borsa Italiana S.p.A. and subsequent amendments.
- **"Chairman":** the Chairman of the Board of Directors.
- **"Company"** or **"IVS"** or the **"Issuer":** IVS Group S.A.
- **"Consob Regulation on Issuers":** Consob Regulation n. 11971 of May 14th 1999, implementing the provisions on issuers of TUF, and subsequent amendments.
- **"Consob Regulation on Markets":** Consob Regulation n. 16191 of October 27th 2007, implementing the provisions on issuers of TUF, and subsequent amendments.
- "**CSSF**" or "***Commission de Surveillance du Secteur Financier***": Luxembourg's financial regulating authority.
- **"Decree 231":** Italian Legislative Decree of June 8th 2001 n. 231 and subsequent amendments.
- **"Financial Year":** the 2019 financial year, which the Report refers to.

- **"Internal Control Committee":** the Company's committee in charge to assists the Board of Directors in the implementation of the internal control and risk management system.

- **"IVS Group":** the group of which the Company is part, as detailed on the Website.

- **"Luxembourg Law on Commercial Companies":** Law of August 10th 1915 on commercial companies and subsequent amendments.

- "**Managing Director**": shall have the same meaning as Chief Executive Officer or *administrateur délégué*; the terms can be used interchangeably in the present document.

- **"MAR"** or **"Market Abuse Regulation":** Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16th 2014 on Market Abuse, repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

- **"Report":** the 2019 Report on Corporate Governance and ownership structure drafted in compliance with the recommendations of the Borsa Italiana Code and the provisions of the Borsa Italiana Instructions.

- **"Shareholders":** the shareholders of the Company.

- **"Shareholders' Rights Law":** the Luxembourg law of May 24th 2011 on the exercise of certain rights of shareholders in general meetings of listed companies.

- **"Subsidiary/ies":** the subsidiary/ies of the Company.

- **"Supervisory Board":** the board composed by independent and autonomous members, in charge to ensure the Company's compliance with Decree 231.

- **"Takeover Law":** the Luxembourg law of May 19th 2006 and subsequent amendments which implements the Directive 2004/25/EC of 21 April 2004 on takeover bids.

- **"Transparency Law":** the Luxembourg law of January 11st 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

- **"TUF":** Italian Legislative Decree n. 58 of 24 February 1998 (Testo Unico della Finanza) and subsequent amendments.

- **"Website":** the Company's website.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

1. COMPANY PROFILE

The Company is a Luxembourg based company duly incorporated on August 26th 2010 and existing under Luxembourg laws. The Company stock is listed on the STAR segment of Mercato Telematico Azionario of the Italian Stock Exchange Market organized and managed by Borsa Italiana S.p.A. (hereinafter, "**Borsa Italiana**").

The Company is the second largest vending machine operator in Europe (a highly fragmented market), as reflected in the figures published by the EVA (European Vending Association). According to the latest report of CONFIDA, the Italian association of vending sector companies, IVS is the most important operator in Italy.

Italy represents IVS principal market. Moreover IVS is present in the French, Spanish and Swiss markets.

The Company adopts a corporate governance system based on the active role of the Board of Directors, comprising 11 members of whom 4 executives and 7 non-executives of whom 3 independent members. In addition, the Company avails itself of the Appointment and Remuneration Committee and an Internal Control Committee, both comprising the 3 independent members. The Company's annual and consolidated accounts are duly audited by the appointed Auditing Firm, pursuant to the laws and regulations in force in Luxembourg. Furthermore, the Company has appointed a Supervisory Board under the terms of Decree 231. Finally, the Company has adopted and abides to the following set of procedures and policies:

- Internal Dealing Code;
- Organizational Model pursuant to Decree 231;
- Code of Ethic; and
- Policy for Related Parties Transactions.

In line with the applicable recommendations of the Borsa Italiana Code and with article 123 - *bis* of TUF, the Company provides complete disclosure of the Ownership Structure and Corporate Governance System adopted as of December 31st 2019. With reference to specific items, the Report is updated at the date of the Board of Directors' meeting called to approve it. The Report is available to everyone at its registered office and on IVS' Website in the Governance section, Documents and Procedures subsection, which also contains other documents regarding the Company's Corporate Governance.

2. INFORMATION ON OWNERSHIP STRUCTURE at 31 December 2019 (in accordance with art. 123-*bis*, paragraph 1, TUF).

a) Capital structure (in accordance with art. 123 -*bis*, paragraph 1, clause a), TUF)

The issued share capital, equal to 363,558.00 Euro, is divided into 38,952,491 ordinary shares with no nominal value (subscribed and fully paid-up). All shares pertain to the category of ordinary shares.

Capital structure:

	n° of shares	% of the share capital	Listed / not listed	Rights and obligations
Ordinary shares	38,952,491	100%	Listed on the STAR segment of the MTA managed and organized by Borsa Italiana.	Voting and dividends rights and in general those provided by the Company's Articles of Association and by the applicable Luxembourg laws
Shares with multiple votes	N/A	N/A	N/A	N/A
Shares with limited voting rights	N/A	N/A	N/A	N/A
Shares without voting rights	N/A	N/A	N/A	N/A

The General Meeting of Shareholders of the Company on December 28th 2018 has authorized an incentive mechanism (the "**Incentive Plan**" or "**Plan**"), which has been amended and supplemented by the Board of Directors of the Company on March 19th 2019.

The purpose of the Plan is to support and strengthen the participation and the commitment between the Company (and its subsidiaries) and the directors and key resources. To this end, the Plan is an effective tool to promote the alignment of the interests of the people involved (the "**Beneficiaries**") with meeting the priority goal of creating value for the Company's shareholders in the medium to long term and focusing the Beneficiaries' attention on strategic factors, such as the performance of the Company's equity.

The Plan is based on the free allocation to the beneficiaries of a number of options that entitle to purchase ordinary shares of the Company, for a fixed purchase price, based on the achievement of specific performance objectives (related to the Company's stock price and the consolidated EBIT result) and in accordance with the terms defined in the implementing regulation (the "**Plan Regulation**"). The shares to be allocated to the Beneficiaries in the event of the exercise of the option(s) will be the Company's treasury shares.

The Beneficiaries have been identified – upon assessment of the Board of Directors – from among the executive directors of the Company and the employees of the Company and/or its subsidiaries holding strategic responsibilities in (or for) the Group, and whose commitment in the Company deserves to be supported with a view to creating value.

More details on the terms of the Plan can be found in the relevant information document, drawn up in accordance with the provisions of Article 84-*bis* of the Issuers' Regulation and the Plan Regulation, available for viewing in the governance section, Documents and Procedures subsection, of the Website.

b) Restrictions on the transfer of securities (in accordance with art. 123 -*bis*, paragraph 1, clause b), TUF)

The Company's shares are freely transferable.

c) Significant holdings (in accordance with art. 123 -*bis*, paragraph 1, clause c) TUF).

Shareholders of the Company have disclosure and reporting obligations.

According to Luxembourg law, to which the Company is subject by reason of its incorporation in Luxembourg, the shareholders of the Company are bound by the applicable provisions of the Transparency Law. Pursuant to the latter, a natural or legal person holder of voting shares, or certificates representing voting shares or of financial instruments entitling to buy voting shares of the Company, must file a notification both to the Company and to the CSSF in case the percentage of voting rights held in the Company reaches, exceeds or falls below the following thresholds: 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3 %, following the purchase or sale of voting shares of the Company as well as the increase or decrease of the total amount of voting shares or share capital in the Company (Law of 10 May 2016).

The voting rights shall be calculated on the basis of all the shares, including depositary receipts representing shares, to which voting rights are attached, even if the exercise thereof is suspended. Moreover, this information shall also be given in respect of all the shares, including depositary receipts representing shares, which are in the same class and to which voting rights are attached.

On December 24th 2019, the Company has received the notification that Amber Capital UK LLP and Amber Capital Italia SGR S.p.A. have sold their shares in the Company, bringing their holdings below the 5% threshold previously communicated. Amber Capital Italia SGR S.p.A. still holds n. 116,545 shares, corresponding to 0.299%. Moreover on December 30th 2019, the Company has received the notification that FinLav S.p.A., through its 100% owned subsidiary Torino 1895 Investimenti S.p.A., acquired n. 6,900,000 shares, corresponding to 17.71% of total share capital of the Company.

According to the above, at the date of this Report and based on the latest shareholdings communicated by investors, the following individuals and institutions have significant direct and/or indirect holdings exceeding 5% of the Company's total ordinary outstanding shares (38,952,491 shares):

Declarant	**Direct shareholder**	**% of the ordinary capital**	**% of the voting capital**
IVS Partecipazioni S.p.A.	IVS Partecipazioni S.p.A.	59.22%	59.22%
FinLav S.p.A.	Torino 1895 Investimenti S.p.A.	17.71%	17.71%

d) Securities with special control rights (in accordance with art. 123 -*bis*, paragraph 1, clause d) TUF)

The Company has not issued Securities with special control rights.

e) Employee share scheme: mechanism for the exercise of voting rights (in accordance with art. 123-*bis*, paragraph 1, clause e), TUF)

The Plan makes no provision with regard to the exercise of voting rights.

f) Restrictions on voting rights (in accordance with art. 123 -*bis*, paragraph 1, clause f) TUF)

Each share entitles the owner thereof to cast one vote, subject to any limitations imposed by the Luxembourg laws and regulations and by the Articles of Association.

In particular, a freezing in the exercise of the voting rights attached to the Company's shares is provided by the Transparency Law as well as by the Articles of Association in case of failure of compliance with the respective notification requirements triggered by the exceeding, the reaching or the falling below certain thresholds as a consequence of acquisitions, disposals or even increase or decrease of the total amount of voting shares or share capital. Moreover, the voting rights pertaining to the own shares held in treasury are suspended. No other restrictions on voting rights are applicable to the Company's shares.

See chapter 15 of this Report for the terms imposed for exercising the voting right.

g) Shareholders agreements (in accordance with art. 123 -*bis*, paragraph 1, clause g) TUF)

The Company has not been notified with and is not aware of any agreements entered into by and among its Shareholders pursuant to art. 122 TUF.

h) "Change of control" clauses (in accordance with art. 123 -*bis*, paragraph 1, clause h), TUF) and statutory provisions on takeover bids (in accordance with articles 104, paragraph 1-*ter* and 104-*bis*, paragraph 1)

On December 21st, 2018 the Company has entered into a term-loan facility agreement for an aggregate amount of Euro 150,000,000.00 with Banca Monte dei Paschi di Siena S.p.A., Banca Nazionale del Lavoro S.p.A. and Coöperatieve Rabobank U.A. (Milan Branch) as mandated lead arrangers, BNP Paribas (Italian Branch) as agent, bookrunner and global coordinator and several other financial institutions as lenders, in order to partially repay its outstanding indebtedness and fund certain acquisitions which will allow the Company to enhance its market position. The term-loan facility agreement includes, among other market standard provisions, a clause that shall allow the lenders to ask for the early repayment of the outstanding facility in case of change of control of the Company.

On February 28th 2019, the Company has entered into a share purchase agreement for the purchase of the entire share capital of SDA 2000 Societa` di Distribuzione Automatica S.p.A. The consideration for the transfer of the entire share capital of SDA 2000 Societa` di Distribuzione

Automatica S.p.A. included an in-kind consideration comprised of the Company's treasury shares (234,206 shares). Pursuant to article 6.10. of such agreement, in the event of a change of control of the Company, one of the sellers shall have the right to sell back to IVS Group all the Company's shares held by him.

Should a takeover bid be launched against the shares of the Company, such takeover would fall within the scope of the Takeover Law. Pursuant to the Takeover Law and more particularly by application of its article 4, item 2, clause b) first paragraph, and pursuant to article 101-ter of the TUF, considering that the Company, acting as offeree in case of takeover, has not its shares admitted to trading on a regulated market in Luxembourg, the authority entitled to supervise the bid shall be that of the Member State on the regulated market of which the Company's securities are admitted to trading, in this case the Italian regulating authority, CONSOB.

Italian law is the governing law as to (i) the price of the bid; (ii) the procedure of the bid and, in particular, the information on the offerors' decision to make a bid; (iii) the contents of the offer document and (iv) the disclosure of the bid. However, considering the specific situation mentioned above, pursuant to the Takeover Law and the CSSF Circular 06/258, CSSF will remain competent in respect of matters relating to the information to be provided to the employees of the Company and in matters relating to company law, in particular the percentage of voting rights which confers control and any derogation from the obligation to launch a bid, as well as the conditions under which the Board of Directors of the Company may undertake any action which might result in the frustration of the bid.

The Company shall also be subject to the Luxembourg law of July 21st 2012 on the squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a regulated market or which have been subject to a public offer and the CSSF Circular 12/545 if any individual or legal entity, acting alone or in concert with another, becomes the owner directly or indirectly of a number of Shares representing at least 95% of the voting share capital and 95% of the voting rights of the Company.

i) Delegated powers regarding share capital increases and authorization to the buy-back (in accordance with art. 123-bis, paragraph 1, clause m), TUF)

The extraordinary shareholders' meeting, held on December 13th 2017, has granted the Board of Directors, for a period of 5 years, the authorization to increase the company's capital in one or more tranches and to limit or cancel the preferential subscription rights held by the existing shareholders.

Pursuant to paragraphs 6.2 and 6.5 of the Articles of Association, the Board of Directors is authorised to issue new shares within the limits of the authorized share capital of the Company (Euro 150,000,000) in one or several successive tranches, for any reasons whatsoever including following, as the case may be, the exercise of subscription and/or conversion rights granted by the Board of Directors under the terms and conditions of warrants (which may be separate or attached to shares, bonds, notes or similar instruments), convertible bonds, notes or similar instruments issued from time to time by the Company.

The new shares may be issued with or without share premium, against payment in cash or in kind or in any other manner.

The Board of Directors is authorized to determine the amount, the place and date of the issue or

the successive issues, the issue price, the terms and conditions of the subscription of and paying up of the new shares. Moreover, it can remove or limit the preferential subscription rights of the Shareholders in case of issue against payment in cash of shares, warrants (which may be separate or attached to shares, bonds, notes or similar instruments), convertible bonds, notes or similar instruments. The authorization is valid during a period of five (5) years after the date of publication of the minutes of the extraordinary general meeting of shareholders held on December 13th 2017 in the *Mémorial C, Recueil Electronique des Sociétés et Associations* and it may be renewed by a resolution of the general meeting of shareholders.

Moreover, the Company's general meeting of Shareholders' held on December 28th 2018 has authorized the Board of Directors to the repurchase - in one or more tranches and in compliance with any applicable laws and regulations – and disposal of the Company's shares for a maximum number of 254,588 shares for a maximum period of five (5) years from the date of the relevant Shareholders' meeting resolving upon it, with a minimum price not inferior to Euro 11.25 and a maximum price not exceeding Euro 12.50.

The reason for the authorization is to use treasury shares currently in its portfolio as consideration for the acquisition of the entire share capital of the Italian company "SDA 2000 Società di Distribuzione Automatica S.p.A." and, as a consequence thereof, the Company may decide, or be obliged, upon exercise of certain put and call option rights, to repurchase the said Company's shares.

As a result, the consideration for the transfer of the entire share capital of "SDA 2000 Società di Distribuzione Automatica S.p.A." included an in-kind consideration comprised of the Company's treasury shares (234,206 shares).

As of December 31st 2019, the Company holds 1,895,818 own shares (corresponding to 5.11% of the share capital).

l) Management and coordination activity (in accordance with art. 2497 *et seq* Italian Civil Code)

The Company is not subject to the Italian laws requiring certain steps in case of an ascertained or de facto status implying exposure to the management and coordination activity of a controlling company.

Finally, it is noted that:

- The information required by Article 123-*bis*, paragraph 1, clause i), of the TUF is contained in the remuneration report published pursuant to Article 123-*ter* of the TUF.

- The information required by Article 123-*bis*, paragraph 1, clause l), is illustrated in chapter 4 of the Report dedicated to the Board of Directors.

3. COMPLIANCE (in accordance with art. 123-*bis*, paragraph 2, clause a) TUF)

The Company is organized in compliance with the Luxembourg laws and regulations applicable to companies and the governance practice thereof complies with the above-mentioned legislation, its Articles of Association and, where possible, the Corporate Governance Code for Borsa Italiana Listed

Companies (available at the Borsa Italiana website on page http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf).

***

Due to its incorporation in Luxembourg and listing on the Italian market regulated and managed by Borsa Italiana, the Company is further subject to disclosure obligations related to corporate actions and periodic information as established by the Transparency Law and to those established by the Italian laws and regulations as applicable from time to time. Subsidiary companies of strategic significance, however, are incorporated and governed by Italian laws. The legal provisions applicable due to the Company's incorporation in Luxembourg may affect the Company's corporate governance structure.

4. BOARD OF DIRECTORS

The Company's system of corporate governance is based on the active role of the Board of Directors.

4.1. Appointment and replacement (in accordance with art. 123-*bis*, paragraph 1, clause l), TUF)

As regards the appointment procedure, the Company complies with the provisions of the Luxembourg laws and regulations, with the Articles of Association and, consistently with the above, with the recommendations of the Borsa Italiana Code.

In particular, the appointment and replacement of Board of Directors members are governed by Luxembourg Law on Commercial Companies and article 8.1 of the Articles of Association. The Articles of Association may be amended in accordance with Luxembourg Law on Commercial Companies and article 11 of the Articles of Association.

The members of the Board of Directors must possess the necessary integrity requirements and professional qualifications as requested for eligibility by legal and regulatory provisions.

According to the Articles of Association (and in compliance with the Law on Commercial Companies) the General Meeting appoints the director(s) and determines their number, remuneration and the term of their office. Directors cannot be appointed for more than six (6) years and are re-eligible. Each director shall hold office until a successor is appointed.

Directors may be removed at any time (with or without cause) by the General Meeting at a simple majority of the votes validly cast.

If a legal entity is appointed as a Director, it must appoint a permanent representative who represents such entity in its duties as a Director. The permanent representative is subject to the same rules and incurs the same liabilities as if it had exercised its functions in its own name and on its own behalf, without prejudice to the joint and several liability of the legal entity which it represents. The relevant legal entity may only remove its permanent representative if it appoints a successor at the same time. An individual may only be a permanent representative of one (1) Director of the Company and may not be himself a Director of the Company at the same time. Should the permanent representative be unable to perform its duties, the legal entity must immediately appoint another permanent

representative.

In the event of a vacancy in the office of a Director because of death, legal incapacity, bankruptcy, resignation or otherwise, the said vacancy may be filled by the remaining Directors, on a temporary basis and for a period not exceeding the term of the initial mandate of the replaced director, until the next General Meeting, which shall resolve on the permanent appointment in compliance with applicable legal provisions.

4.2. Composition (in accordance with art. 123 -*bis*, paragraph 2, clause d) and d-bis), TUF)

The Articles of Association provide for the Company to be managed by a Board of Directors composed of no less than three (3) members, who do not need to be shareholders. The general meeting of Shareholders is entitled to determine the number of directors in office from time to time.

The current members of the Board of Directors were elected, in accordance with the Articles of Association, by the Annual General Meeting of Shareholders held on May 8th 2018 for a term of office that will end with the Annual General Meeting of Shareholders convened for the approval of the 2020 Company's financial statements.

At the date of this Report, the Board of Directors consists of eleven (11) directors, of whom four (4) are executive directors, seven (7) are non-executive directors, among which three (3) are independent directors.

The Board of Directors and the Company's Committees are composed by members of different backgrounds in order to ensure the appropriate mix of skills and experience. As outlined in the Code of Ethics and in the Sustainability Report, the Company has undertaken an ethical process of guaranteeing a work environment that eliminates all forms of discrimination on the basis of gender, relation, nationality, personal and political opinions, age, health and the economic conditions of its stakeholders, ensuring equal opportunities for all its employees, enhancing their individual potential and skills. More specifically, for what concerns the composition of the Board of Directors, the Company is a firm believer in the decisive role of female professionals: three (3) of the eleven (11) directors are women. Moreover, the Board of Directors is composed of directors of different age and professional background, as will be outlined in detail below, in order to ensure a composition as varied as possible, recognizing the importance of the role of diversity as a key element in guaranteeing a balanced, competitive and socially cohesive environment and an adequate expertise of the members of the Board of Directors.

The Board of Directors assesses the adequacy of the Company's organizational and accounting structure, as prepared by the Managing Directors. In view of the fact that reporting takes place periodically and that no critical issues have been highlighted so far, the assessments of the Managing Directors are not reported in the minutes of the Board of Directors. Same evaluations are made with regards to the adequacy of the strategic subsidiaries' organizational and accounting structure.

The following charts show the composition of the Board of Directors and of the various Committees established within the Board of Directors as well as the number of relevant offices held by each of the directors in other companies consistently with the Corporate Governance Code for Borsa Italiana Listed Companies.

First and Last Names / Date of Birth	Office	Date of first appointment	In office from/to	Executive	Non-executive	Independent in accordance with Borsa Italiana Code	n° of other important offices**
Paolo Covre 13/11/1947	Chairman	April 12nd 2012	From May 8th 2018 Until the AGM convened for the approval of the 2020 financial statement	X			0
Vito Alfonso Gamberale 03/08/1944	Vice Chairman	August 26th 2010	From May 8th 2018 Until the AGM convened for the approval of the 2020 financial statement		X		0
Massimo Paravisi 01/07/1968	Chief Executive Officer (CO-CEO)	April 12nd 2012	From May 8th 2018 Until the AGM convened for the approval of the 2020 financial statement	X			0
Antonio Tartaro 10/03/1966	Chief Executive Officer (CO-CEO)	April 12nd 2012	From May 8th 2018 Until the AGM convened for the approval of the 2020 financial statement	X			1
Adriana Cerea 13/04/1946	Director	April 12nd 2012	From May 8 2018 Until the AGM convened for the approval of the 2020 financial statement	X			0

Monica Cerea **08/01/1975**	Director	April 12nd 2012	From May 8th 2018 Until the AGM convened for the approval of the 2020 financial statement		X		0
Maurizio Traglio **19/08/1955**	Non-executive Director	May 10th 2016	From May 8th 2018 Until the AGM convened for the approval of the 2020 financial statement		X		0
Mariella Trapletti **27/05/1955**	Non-executive Director	April 12nd 2012	From May 8th 2018 Until the AGM convened for the approval of the 2020 financial statement		X		0
Luigi De Puppi De Puppi **08/03/1942**	Independent Non-executive Director	April 12nd 2012	From May 8th 2018 Until the AGM convened for the approval of the 2020 financial statement		X	X	0
Carlo Salvatori **07/07/1941**	Independent Non-executive Director	May 10th 2016	From May 8th 2018 Until the AGM convened for the approval of the 2020 financial statement		X	X	0

Raffaele Agrusti **02/02/1957**	Independent Non-executive Director	December 13rd 2017	From May 8th 2018 Until the AGM convened for the approval of the 2020 financial statement		X	X	1

***** This column indicates the number of offices of director or auditor held by the relevant person in question in other companies listed in regulated markets, including abroad and in financial, banking and insurance companies or significantly large companies.***

First and Last Names	Office	Appointment and Remuneration Committee*	Internal Control Committee
Luigi De Puppi De Puppi	Independent Director	P	P
Carlo Salvatori	Independent Director	M	M
Raffaele Agrusti	Independent Director	M	M

**** "P": President; "M": member.***

Hereafter a brief résumé of the principal professional skills of the Board of Directors members:

Paolo Covre - In 1970 started his working experience in Zanussi. In 1981 is chartered account and in 1995 founds CP & PARTNERS Srl, advisory firm with other professionals and certified auditors. In 1999 founds STUDIO ASSOCIATO CP & PARTNERS, with over 40 professionals. Server as Chairman in SISVEL S.p.A. and SIGMA S.p.A.; Deputy Chairman in SIM2 MULTIMEDIA S.p.A.; director on Goriziane Group S.p.A. and sole director of EUROFINIM S.r.l.

Vito Alfonso Gamberale - Chairman and executive director of Italy 1 Investment SA. Promoter and CEO di Fondi Italiani per le Infrastrutture SGR S.p.A, the management company of F2i, Italian infrastructures fund. Formerly CEO of Autostrade S.p.A. (today Atlantia S.p.A.); deputy chairman of 21 Investimenti, private equity fund controlled by Benetton family; CEO at SIP (today Telecom Italia S.p.A.), CEO of Tim (Telecom Italia Mobile). From1984 to 1991 chairman and CEO of several subsidiaries of ENI group. Started his career in corporate finance, M&A, startup, restructuring and privatizations at IMI and GEPI.

Massimo Paravisi - Co-CEO of IVS Group, has spent his entire career in IVS in different functions with growing responsibilities, up to the role of Co-CEO responsibile for front-office activities (sales, marketing, quality, etc.).

Antonio Tartaro - In IVS Group since 2008 as CFO and Chief Information Officer, appointed Co-CEO in 2014 with the responsibility on back-office activities (finance and administration, procurement, HR, IT, technical services). Formerly CFO e Chief Information Officer at Bianchi Vending S.p.A. (vending machines manufacturer). From 1994 to 1999 project manager at S.E.F. – Servizi Economici e Finanziari S.r.l. Started his career at Studio Associato Tartaro (certified accountants).

Adriana Cerea - Managing Director at IVS Italia S.p.A. Formerly head of HR and trade unions relations, of administration at Bergamo Distributori SpA, Elledi S.r.l., Gestioni Servizi Automatici S.r.l. up to their merger into IVS Italia S.p.A. in 2006. From 2006 to 2018 head of HR at IVS Italia S.p.A.

Carlo Salvatori - Started his career at BNL Banca Nazionale del Lavoro with growing responsibilities in Italy and abroad. From 1980 to 1987 Deputy General Manager Banca and Cassa di Risparmio di Parma. From 1987 to 1989 again at BNL as Direttore Centrale. From 1990 to 1996 Banco Ambrosiano Veneto, General manager and CEO. 1996-1998 GM and director at Cariplo. When Banca Intesa is established, CEO from Jan 1998 to Nov 2000. 2002-2006 Deputy Chairman at Mediobanca and Chairman of Gruppo UniCredito Italiano. 2006-2010 CEO at Unipol Gruppo Finanziario. Deputy Chairman of Banca Commerciale Italiana (1999/2000), Cariplo (1996/2000), Banco Ambrosiano Veneto (1998-2000), Cassa di Risparmio di Parma e Piacenza (1998-2000), Chairman of the Supervisory Board of Bank-Austria Creditanstalt Vienna (Nov 2005- July 2006) – Member of the Supervisory Board of Bayerische Hypound Verinsbank AG Monaco (Nov 2005- July 2006), Membrer of the Board of RAS (Apr 2003- Aug 2006), Aurora Assicurazioni (Apr 2007 – Jan 2009). Chairman of Allianz SpA., and Lazard S.r.l.. Member of Consiglio di Sovrintendenza of IOR. Member of the Board of Universitàà Cattolica del Sacro Cuore, Ospedale Pediatrico Bambino Gesù, Chiesi Farmaceutici, Riso Gallo SpA.

Luigi De Puppi De Puppi - Since1973 in Olivetti as assistant to the president of Olivetti Corporation America and responsibile for finance, administrations and control of Olivetti Argentina S.A. In 1983 responsible for planning and control at Raggruppamento Chimica Fine of Montedison group. In 1984 responsibile finance and control at Industrie Zanussi S.p.A and general manager in 1990. From 1996 CEO at Electrolux Zanussi S.p.A. In 2001, CEO at Benetton Group S.p.A. 2003-2006 CEO and general manager at Banca Popolare FriulAdria S.p.A. (today Crédit Agricole Italia). From Oct 2006 to May 2011 Chairman and CEO at Toro Assicurazioni S.p.A.

Maurizio Traglio – From 1982 to 1984 CEO of Coca Cola FAMIB S.p.A. 1984 -1995 Chairman of S.I.B.E.C. S.p.A. 1987 - 2007 in TECNOSYSTEMS S.r.l., up to the role of Chairman. Chairman of Coca Cola SIBEB S.p.A. from 1993 to1995. From1995 chairs SIPAL S.p.A., real estate and holding company. From 1995 to 2007 chairman of INTERCAR S.r.l., automotive sector. From 1998 to 2001, Chairman of COFFEE BREAK S.p.A., 2001 - 2007 chairman in CANTEL Refresh S.p.A., both in the vending sector. Since 2003 chairman of AURORA Holding S.p.A. Since 2005 CEO of VHERNIER S.p.A. Jewellery and chairman of TECNOSPORT S.p.A. 2009 - 2015 director of ALITALIA S.p.A. 2009- 2012 director of G.B.M. Holding S.p.A., and deputy chairman of BANCA FEDERICIANA S.p.A. Since 2010 chairman of COMO VENTURE S.r.l., and since 2012 member of the board of PIANOFORTE HOLDING S.p.A. 2010-2012 CEO of DE VECCHI MILANO 1935 S.r.l.. Since 2012 CEO at VHERNIER Suisse S.A. director of WHYSOL INVESTMENTS I S.p.A., in renewable energy sector.

Mariella Trapletti - From 1972 to 1979 administration dept at Chiorda Sud S.p.a., Chiorda Nord S.p.a. and Silm Italiana S.p.a., companies active in bikes and bike components manufacturing. From 1979 to 1991 head of administration at Fiv. Edoardo Bianchi, bikes production. 1991 - 2008, board member and head

of administration at Bianchi Vending S.p.a., vending machines manufacturer.

Monica Cerea - From 1999 to 2004 worked in LD S.r.l., with responsibility on administration and accounting. In 2005 at Studio Tributario di Romano di Lombardia (tax and work advisory). Since 2008 in IVS Italia S.p.A. in human resources area.

Raffaele Agrusti - From 1983 to 2012 various roles with increasing responsibility in Generali Assicurazioni Group: Assicurazioni Generali S.p.A.: Country manager Italy, CEO Generali Italia S.p.A., General Manager Assicurazioni Generali S.p.A., CFO, Deputy General manager, head of group tax advisory- Jan 2014 - March 2016, strategic advisory in insurance and finance sector.. 2016/2017 CFO at RAI-Radio Televisione Italiana S.p.A. in charge of administration, finance, control, branches coordination, real estate, general services. Since June 2017 General manager of ITAS MUTUA e ITAS VITA.

Director	Offices held in the boards of companies other than the Company	Type of company
Paolo Covre	i. Director and Chairman of the Board of Directors of IVS Italia SpA; ii. Director and Chairman of the Board of Directors of IVS Partecipazioni SpA; iii. Director of Goriziane Group SpA; iv. Director and Chairman of the Board of Directors of Eurofinim Srl; v. Director and Chairman of the Board of Directors of CP & Partners Srl; vi. Disribuidores Automaticos Vending SL.; vii. Director and Chairman of the Board of Directors of P.L.I. Professional Lighting International ApS.; viii. Director and Chairman of the Board of Directors of SGM Finance ApS; ix. Director and Chairman of the Board of Directors of SGM Light A/S; x. Director and Chairman of the Board of Directors of SGM Lighting Inc.	i. Joint stock company; ii. Joint stock company; iii. Joint stock company; iv. Limited liability company; v. Limited liability company vi. Limited liability company; vii. Limited liability company; viii. Limited liability company; ix. Joint stock company; x. Joint stock company.
Vito Alfonso Gamberale	i. Director and Chairman of the Board of Directors of Iterchimica Srl; ii. Sole Director of VMG Partecipazioni Srl; iii. Director and Chairman of the Board of Directors of Storage Solution Provider Srl; iv. Director and Chairman of the Board of Directors of Moneynet S.p.A.; v. Director and Chairman of the Board of Directors of Iter Capital Partners S.r.l.; vi. Director of Ail-Sezione Romail Venessa Verdecchia Onlus; vii. Director of AIL Nazionale.	i. Limited liability company; ii. Limited liability company; iii. Limited liability company; iv. Joint stock company; v. Limited liability company; vi. ONLUS; vii. ONLUS.
Massimo Paravisi	i. Sole Director of Astro Srl; ii. Director of IVS Italia SpA; iii. Director of IVS Partecipazioni SpA; iv. Director and Chairman of the Board of Directors of IVS Sicilia SpA; v. Director of Commerciale Distributori Srl; vi. Director of SDA - D.D.S. SpA; vii. Director and Chairman of the Board of Directors of Venpay SpA; viii. Director and Chairman of the Board of Directors of Eurovending Srl;	i. Limited liability company; ii. Joint stock company; iii. Joint stock company; iv. Joint stock company; v. Limited liability company; vi. Joint stock company; vii. Joint stock company; viii. Limited liability company; ix. Consortium x. Limited liability company; xi. Limited liability company.

	ix. Director of Consorzio Internazionale del Vending; x. Director of Disribuidores Automaticos Vending SL; xi. Director of CSH Srl.	
Antonio Tartaro	i. Director and Chairman of the Board of Directors of Breuil 3 Srl; ii. Director of IVS Italia SpA; iii. Director of Cellulose Converting Solutions SpA; iv. Director of IVS Partecipazioni SpA; v. Director and Chairman of the Board of Directors of S.Italia SpA; vi. Director of IVS Sicilia SpA; vii. Director of Coin Service Nord SpA; viii. Director of Coin Service SpA; ix. Director of Venpay SpA; x. Director of Time Vending. Srl; xi. Director and Vice- Chairman of the Board of Directors of Consorzio Internazionale del Vending; xii. Director of CSH Srl.; xiii. Director of West Fund Management Company S.a.r.l.; xiv. Director and Chairman of the Board of Directors of Fast Service S.p.A.; xv. Director of SDA – DDS S.p.A; xvi. Director of GE.O.S. Group S.p.A.; xvii. Director of Moneynet S.p.A.	i. Limited liability company; ii. Joint stock company; iii. Joint stock company; iv. Joint stock company; v. Joint stock company; vi. Joint stock company; vii. Joint stock company; viii. Joint stock company; ix. Joint stock company; x. Limited liability company; xi. Consortium xii. Limited liability company; xiii. Limited liability company; xiv. Joint stock company; xv. Joint stock company; xvi. Joint stock company; xvii. Joint stock company.
Maurizio Traglio	i. Managing Director and Chairman of the Board of Directors of Tecnosport SpA; ii. Managing Director and Chairman of the Board of Directors of Sipal Srl; iii. Managing Partner of Mind Power the Arts Partnership; iv. Director and Chairman of the Board of Directors of Como Venture Srl; v. Managing Director of Vhernier SpA; vi. Managing Director and Chairman of the Board of Directors of Aura Holding SpA; vii. Director of Pianoforte Holding SpA; viii. Director of Vhernier Suisse SA; ix. Managing Partner of SCI Faubourg 74 -Paris; x. Director of Ekalape Corp. – New York; xi. Director of Yacht Club Costa Smeralda; xii. Director of Holding Servizi Yachting S.r.l.	i. Joint stock company; ii. Limited liability company; iii. Partnership; iv. Limited liability company; v. Joint stock company; vi. Joint stock company; vii. Joint stock company; viii. Limited liability company; ix. Partnership; x. Joint stock company; xi. Association; xii. Limited liability company.
Adriana Cerea	i. Director of IVS Italia SpA; ii. Director and Chairman of the Board of Directors of Lo.GI.CA. Cooperativa Sociale ONLUS.	i. Joint stock company; ii. No-profit organization.
Monica Cerea	i. Sole Director of Astrid Immobiliare Srl; ii. Director of Crimo Srl.	i. Limited liability company; ii. Limited liability company.
Luigi De Puppi De Puppi	i. Chief executive officer of Maschio Gaspardo SpA; ii. Director of Pietro Rosa T.B.M. Srl; iii. Director of Propensione SpA; iv. Director of Ferriere Nord SpA; v. Statutory Auditor of Matal World SpA; vi. Managing Partner of Società Agricola Luigi De Puppi di Luigi De Puppi De Puppi e C. S.S.; vii. Director of Compagnia Siderurgica Italiana Srl.	i. Joint stock company; ii. Limited liability ty company; iii. Joint stock company; iv. Joint stock company; v. Joint stock company; vi. Partnership; vii. Limited liability company.

Carlo Salvatori	i. ii. iii. iv. v. vi. vii.	Director and Chairman of the Board of Directors of Lazard Srl; Managing Partner of Smarano Società Semplice; Managing Partner of Antini Società Semplice; Managing Partner of Sora Società Semplice; Director of Riso Gallo SpA; Director of Ospedale Pediatrico Bambino Gesù Città del Vaticano; Director and Chairman of the Board of Directors of AVIVA Italia Holding S.p.A.	i. ii. iii. iv. v. vi. vii.	Limited liability company; Partnership; Partnership; Partnership; Joint stock company; Medical Institution; Joint stock company.
Mariella Trapletti	i. ii. iii. iv. v. vi. vii. viii. ix.	Sole Director of Immobiliare della Torre Srl; Director of Trapper's Company Srl; Director of Immobiliare Vending Srl; Director of Immobiliare 2000 Srl; Director of Bianchi Industry SpA; Managing Director of Brasilia Italia Srl; Director of Bianchi Industry After Sales Srl; Sole Director of Immobiliare Mirto Srl; Director of Consorzio Villaggio Capizza di Vacca.	i. ii. iii. iv. v. vi. vii. viii. ix.	Limited liability company; Limited liability company; Limited liability company; Limited liability company; Joint stock company; Limited liability company; Limited liability company; Limited liability company; Consorzio.
Raffaele Agrusti	i. ii.	Managing Director of ITAS Istituto Trentino Alto Adige per Assicurazioni Società di Mutua di Assicurazioni; General Manager of ITAS Vita SpA.	i. ii.	Mutual insurance company; Joint stock company.

4.3. Role of the Board of Directors (in accordance with art. 123 -bis, paragraph 2, clause d) TUF)

The Board of Directors is vested with broad powers to perform any action necessary or useful for accomplishing the Company's object with the ultimate purpose of creating value for the Shareholders, providing strategic guidance of the Company and control of operations with powers to direct the business as a whole and intervening in a series of decisions necessary to promote the Company's purpose and the transparency of operational decisions within the Company and in relation to the market.

The powers and tasks entrusted to it by the Articles of Association, the applicable laws and regulations and the best practice, include:

- reviewing and approving the strategic, industrial and financial in particular regard to the budget;
- evaluating the adequacy of the administrative and accounting asset, with the assistance of the Internal Control Committee;
- evaluating the periodically operating performance comparing the final results with those planned;
- examining and approving the transactions of the Company and its subsidiaries when they have a significant strategic, economic or financial position of the Company; and
- in general, the Board of Directors has all powers to carry out and approve all acts and operations consistent with the corporate purpose not expressly reserved to the Shareholders by the law or the Articles of Association.

According to the Articles of Association, the Board of Directors must appoint a Chairman among its members and may choose a secretary, who need not be a director, and who is responsible for keeping the minutes of the meeting of the Board of Directors and of the shareholders meetings.

The Board of Directors convenes on a regular basis, at least four (4) times per year, and in any case, every time it is deemed appropriate for discussing any matter having strategic importance for the

Company. In 2019 the Board of Directors convened four (4) times, with 95% (ninety-five percent) attendance of the directors and an average duration of two (2) hours.

The Chairman of the Board of Directors handles the planning of the Board of Directors' workload, in relation to the items scheduled on the agenda, based on input from the Chief Executive Officers. As a rule, directors promptly receive any material regarding proposals and the necessary support information required to ensure that each director is fully informed about the matter in the meeting agenda.

At the meetings of the Board of Directors the Chairman thereof ensures that it is always possible to discuss all items on the agenda in detail, requesting the participation of the directors, particularly the non-executive directors and the presidents of the respective Committees if the items have been examined in advance and have received the previous opinion of a specific Committee.

The Company published its financial calendar on the Website indicating the dates of the meetings of the Board of Directors planned for 2020 for the approval of the first and third interim report, the half-year report and the draft financial statements, and for the presentation of the relative accounting data to the financial analysts. The financial calendar is available in the "Governance" section of the website.

4.4. Delegated bodies

According to the Articles of Association, the Company shall be bound towards third parties in all circumstances by the sole signature of the Chairman of the Board of Directors.

Moreover, within the limits of the daily management, the Company shall be bound towards third parties by the signature of any person(s) to whom such power may have been delegated, in the present case the Managing Director(s) (*administrateur(s) délégué(s)*), as follows:

- Individually up to five million Euro (EUR 5,000,000) for a single transaction: any agreements for the acquisition, management, control, development and/or the sale and/or lease of shareholdings, business or parts thereof, including majority stake in industrial, commercial and services companies, as well as for the acquisition of assets or interest or rights of any kind, as well as any other form of investment in legal entities, whether with registered office in the Grand Duchy of Luxembourg or elsewhere, whether such businesses, companies, legal entities assets or goods are already existing or have to be incorporated, through public subscription, acquisition, or exchange of assets shares or rights of any kind, as participation to the share capital, debt instruments, patents or licenses, the strategic, and/or commercial, technical or administrative management and the coordination and financial management of the subsidiaries;
- Individually up to five million Euro (EUR 5,000,000) for a single transaction: any agreement for the granting or acquisitions of loans, as well as for the granting or acquisitions of junior or collateral guarantees, and/or the management of the recovery of credit;
- Individually up to one million Euro (EUR 1,000,000) for a single transaction: agreement for the purchase of services such as administration, IT, accounting, budgeting and Audit, advertising and marketing, for the management of human resources also through the screening and training of the employees, research and development;
- Individually up to five million Euro (EUR 5,000,000) for a single transaction: agreements for the purchase of advising services on Management and financial matters, on commercial and

industrial strategies, on management of companies, assets and goods, on marketing and sale management, on advertising activities, as well as advisory services in any other matter, also through training of employees;

- Individually up to one million five hundred thousand Euro (EUR 1,500,000) for a single transaction: agreements for the purchase of advising services on management and financial matters, on commercial and industrial strategies, on management of companies, assets and goods, on marketing and sale management, on advertising activities, as well as advisory services in any other matter, also through training of employees;
- Individually up to five million Euro (EUR 5,000,000) for a single transaction for any bank transaction; and
- Jointly or with one of the Vice-President in all other cases.

The Company shall be bound by the single signature of the chairman of the Board and/or the managing director(s), to act as power of attorney on behalf of the Company in all disputes, whether as plaintiff or defendant as well as in any judicial or administrative matter, including the power to appoint solicitors and advisors to grant them with all necessary powers.

a) Executive Directors

At the end of the Financial Year the Board of Directors consists of eleven (11) directors, of whom the five (4) executive directors are: Mr. Paolo Covre (Chairman), Mr. Massimo Paravisi (Chief Executive Officer – CO-CEO), Mr. Antonio Tartaro (Chief Executive Officer – CO-CEO) and Ms. Adriana Cerea (director). The directors with delegated powers quarterly inform the Board of Directors on the activities performed in the exercise of the delegated powers, the general performance of operations and their foreseeable development and the transactions of greatest economic, financial and equity-related significance entered into by the Company or its subsidiaries.

b) Chairman of the Board of Directors

The Board of Directors held on May 15th 2018 resolved the appointment of Mr. Paolo Covre as Chairman of the Board of Directors. Furthermore, according to the Articles of Association, the Company shall be bound towards third parties in all circumstances by the sole signature of the Chairman of the Board.

c) Chief Executive Officers

The Chief Executive Officers Mr. Massimo Paravisi (Chief Executive Officer – CO-CEO) and Mr. Antonio Tartaro (Chief Executive Officer – CO-CEO), are responsible for the matters delegated by the Board of Directors, for overseeing the functioning of the internal control system and for implementing the guidelines and risk management as defined by the Board of Directors with the Internal Control Committee support, ensuring that all necessary actions are enacted.

In particular, the Chief Executive Officers are entitled to:

- identify (being responsible for) the main business risks taking into consideration the characteristics of the activities of IVS Group and reporting them to the Board of Directors;
- implement the guidelines established by the Board of Directors, through the planning,

implementation and management of the internal control system and periodically reviewing its effectiveness, efficiency and adequacy;

- implement and manage, with the support of the Internal Control Committee, the internal control system, adapting such system to the operating conditions, to the changes in the legislative and regulatory framework.

In the management of the above tasks, the CEOs rely on the support of the Internal Control Committee.

Currently, the Board of Directors has delegated the day to day management to two (2) directors acting as Chief Executive Officers with individual signatory powers up to a consideration of Euro 5 million for a single transaction as detailed in article 8.6.2 of the Articles of Association.

d) Chief Financial Officer

The Board of Directors, by means of a circular resolution adopted on October 27th, 2014 has resolved to appoint Mr. Alessandro Moro, who is not a director, as the Company's Chief Financial Officer effective from November 1st, 2014.

4.5. Other Executive Directors

Within the Board of Directors, there are no other members having particular delegated power within the Company.

4.6. Non-Executive Directors

At the date of the Report, the Board of Directors comprises eleven (11) directors, of whom the seven (7) non-executives are: Mr. Vito Alfonso Gamberale (Vice-Chairman), Ms. Monica Cerea, Mr. Maurizio Traglio, Mr. Luigi De Puppi De Puppi, Mr. Carlo Salvatori, Ms. Mariella Trapletti and Mr. Raffaele Agrusti. The non-executive directors bring their specific expertise and experience to Board of Directors discussions and contribute to adopt resolutions consistent with the Shareholders' interests.

4.6.1. Independent Directors

Independent directors contribute specific professional expertise to Board of Directors meetings and help it to adopt resolutions that are consistent with the Company's interest. Furthermore, the contribution of independent directors is fundamental to the composition and functioning of the advisory committees entrusted to preliminary examine and formulate proposals regarding risks.

At the end of the Financial Year, the Board of Directors consists of eleven (11) directors and, according to the declarations made by the parties concerned, three (3) of them qualify as independent, namely Mr. Luigi De Puppi De Puppi, Mr. Carlo Salvatori and Mr. Raffaele Agrusti. All the independent directors committed themselves to maintain the independence requisites during the entire period in office and to resign in case of lack of any of the requisites.

In line with the Borsa Italiana Code provisions the number of independent directors is such as to ensure that their opinion has a significant impact on the decision-making process of the Board of

Directors in the best interest of the shareholders.

According to the Borsa Italiana Code provisions the independent directors' independence is periodically assessed by the Board of Directors (i.e. the Board of Directors must verify that the directors do not have, nor have recently had, directly or indirectly, any business relationships with the Company or persons linked to the Company, of such a significance as to influence their autonomous judgment). The results of such assessment are communicated by the Board of Directors to the market.

5. TREATMENT OF CORPORATE INFORMATION

Internal management and disclosure of privileged information

In compliance with laws and regulations applicable to the Company, in both Luxembourg and Italy, following the implementation of the European Parliament and Council's Market Abuse Directive n. 2003/06/CE of 28 January 2003, on March 8th 2007 the CEO, empowered by the Board of Directors of February 2007, has set up an insider register of persons working for it or one of its subsidiaries, under an employment contract or otherwise, who, by reason of their job, professional activity or offices discharged on behalf of the Company or its subsidiaries, have regularly or occasionally access to insider information serving to monitor access to and circulation of insider and confidential information prior to its disclosure to the public as well as to ensure compliance with applicable statutory and regulatory confidentiality requirements both for the Company itself and on behalf of all its subsidiaries (the "**Insider Register**"). The Insider Register aim is to prevent any misuses of inside information and to avoid market abuses since transparent relations with the market and the provision of accurate, clear and complete information are standards for the conduct of the members of the governing bodies, the management and all the employees of the Company and its subsidiaries.

Following the entry into force of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("**MAR**"), and in order to comply with its provisions, the Company has adopted, respectively, the new versions of the Insider Register and the Regulations for the management of privileged information and for the establishment and keeping of the Insider Register.

Internal Dealing

In order to fully comply with the applicable Luxembourg and Italian laws and with the regulations and practice governing in securities' trading of public companies, the Board of Directors, in its meeting of November 2nd, 2010, has approved the Internal Dealing Code of the Company, which was subsequently amended by resolution of the Board of Directors on November 26th, 2012 setting out rules that the Company and certain "key persons" are to comply with when dealing in Company's shares so as to assure the transparency of transactions involving those shares or financial instruments linked thereto carried out directly or through a nominee by relevant persons or persons closely associated with relevant persons. The Internal Dealing Code is aimed at preventing improper conduct on the part of anyone employed by or associated with the Company and its Subsidiaries.

According to the applicable laws, the Internal Dealing Code imposes disclosure obligation on so called "people discharging managerial responsibilities within the issuer" for the internal dealing

transactions involving shares of the Company or financial instruments linked thereto.

The Internal Dealing Code shall be modified to comply with the MAR requirements. The Internal Dealing Code is available in the Corporate Governance section of the Company's Website.

6. INTERNAL COMMITTEES OF THE BOARD (in accordance with art. 123 -*bis*, paragraph 2, clause d), TUF)

In compliance with the recommendations set forth by Article 4 of the Borsa Italiana Code, the Company has set up two (2) committees, an Appointment and Remuneration Committee and an Internal Control Committee. The Company, for the sake of simplification, has opted for the appointment of a single committee to perform the duties of two (2) out of the three (3) committees provided for by the Borsa Italiana Code. Each committee is composed of the same three (3) non-executive and independent directors and having an adequate experience in accounting and finance as assessed by the Board of Directors resolving upon their appointment. All the above Committees in the performance of their duties, are given the powers to access the necessary Company's information and Divisions, as well as to avail themselves of external advisors.

7. APPOINTMENT AND REMUNERATION COMMITTEE (in accordance with art. 123-*bis*, paragraph 2, clause d), TUF).

On May 15th 2018 the Board of Directors has confirmed the appointment of the Appointment and Remuneration Committee vested with the duties referred to in the Borsa Italiana Code; the Committee is composed by following three (3) non-executive independent directors: Mr. Luigi De Puppi De Puppi, Mr. Carlo Salvatori and Mr. Raffaele Agrusti, all deemed to have adequate experience in accounting and finance; furthermore, Mr. Luigi De Puppi De Puppi, non-executive independent director, was confirmed as Chairman of the Committee. By means of the abovementioned resolution, the Board of Directors confirmed an annual expenditure budget of Euro 30,000 for the Appointment and Remuneration Committee, this being considered appropriate in order for it to discharge its duties to assist, express opinions and make proposals to the Board of Directors with regard to:

- candidates for the position of director in co-optation cases provided under article 8 of the Articles of Association;
- the size and composition of the Board of Directors as well as the professional skills deemed necessary within the Board of Directors;
- the maximum number of offices as director or statutory auditor in other companies, as defined in art. 1.C.2 of the Corporate Governance Code, that may be considered compatible with an effective performance of a director's duty and the identification of the general calculation criteria for such an accumulation of offices;
- the general policy for the remuneration of executive directors and directors who cover particular offices in terms of adequacy and consistency;
- the remuneration of executive directors and other directors who hold particular offices, assessing *ex ante* compliance with the provisions of the policy, and monitoring *ex post* implementation of the Board of Directors' decisions;

- the identification and actual attainment of performance objectives related to the short- or long-term variable component of the remuneration of executive directors and other directors who cover particular offices;

Furthermore, the Committee reports on its activity to the Board of Directors once a year, on the occasion of the approval of the annual financial report.

At the end of the Financial Year the Appointment and Remuneration Committee held one (1) meeting duly recorded with a 100% attendance of all its appointed members and a duration of 1.5 hours. The auditors do not participate in the Committee meetings, as the Company, being incorporated under the Laws of the Grand Duchy of Luxembourg, does not have a board of statutory auditors (i.e. *collegio sindacale*). During such meeting the Committee has issued opinion on the proposed amendments to the incentive plan and on its implementation.

Moreover, the Committee, whose meetings are all recorded in minutes, envisages meeting at least 4 times in 2020 and to date no meetings have been held. In performing its duties, the Committee also had the opportunity to access the information and the business functions required to perform its tasks.

8. REMUNERATION OF DIRECTORS

Article 8 of the Articles of Association provides that the remuneration to be paid to the members of the Board of Directors be determined by the Shareholders' meeting. The compensation of the directors vested with particular functions shall be determined rather by the Board of Directors, upon proposal submitted by the Appointment and Remuneration Committee, if the Shareholders' meeting does not fix an aggregate amount for compensation of all the directors, including those vested with particular functions.

In accordance with the recommendations of the Borsa Italiana Code regarding the remuneration of executive directors, other directors covering particular offices and strategic managers of the Company and its subsidiaries, the Company adopted a Remuneration Policy, as per positive advice received by the Appointment and Remuneration Committee. Such Policy addresses all forms of remuneration, and is aimed at creating a balancing between fixed and variable components of both short-term and long-term performance-related remuneration. The variable components are limited to a maximum amount while the fixed component is to be considered as sufficiently remunerative in case the variable component shall not be paid. Remuneration schemes are based on measurable objectives and evaluation criteria, with a view to properly aligning the remuneration of executive or managing directors with the medium-to long-term interests of the shareholders and the objectives set by the Board of Directors for the Company.

Furthermore, also the Incentive Plan (see chapter 2. of this Report) is aimed at supporting and strengthening the commitment to the Company (and its subsidiaries) by the directors and key resources. To this end, the Plan is an effective tool to promote the alignment of the interests of the people involved with meeting the priority goal of creating value for the Company's shareholders in the medium to long term and focusing the Beneficiaries' attention on strategic factors, such as the performance of the Company's equity.

Further information on the compensation paid to the directors and the key managers of the Company and its Subsidiaries can be found in the 2020 Report on Remuneration drafted in compliance with the provisions of article 123-ter of the TUF and article 116 of the Consob Regulation on Issuers and published

in the "Governance" section of the Company's Website.

9. INTERNAL CONTROL COMMITTEE

As per resolution of the Directors of 15 May 2018, an Internal Control Committee was set up and vested with the duties referred to in the Borsa Italiana Code; the Board of Directors' meeting of May 15th 2018 also granted the Internal Control Committee the additional task of monitoring the independence of the external auditor ("*Revisore Legale*") and contributing to the external auditor selection process as required by the Luxembourg law of 23 July 2016 on external auditing which transposed EU Directive 56/2014 and EU Regulation 537/2014. The Internal Control Committee is composed by three (3) members, in the person of the following non-executive and independent directors: Mr. Luigi De Puppi De Puppi, Mr. Carlo Salvatori and Mr. Raffaele Agrusti; furthermore, Mr. Luigi De Puppi De Puppi, having an adequate experience in accounting and finance, was appointed as Chairman of the Internal Control Committee.

On March 27th, 2018 the Board of Directors adopted by resolution the new regulation for the Internal Control Committee which, at article 4.1, provides that the Company shall supply the Internal Control Committee with an annual expenditure budget considered appropriate in order for it to discharge its duties, within the limits of the yearly budget set-up by the Board of Directors.

The Internal Control Committee has an advisory function and makes proposals to the Board of Directors, and in particular:

- defines the guidelines of the internal control system, so that the main risks concerning the company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, determining, moreover, the criteria for determining whether such risks are compatible with a sound correct management of the Company;
- identifies an executive director (usually, one of the managing directors) for supervising the functionality of the internal control system;
- evaluates, on an annual basis, the adequacy, effectiveness and actual functioning of the internal control system; and
- describes, in the report on corporate governance, the essential elements of the internal control system, expressing its evaluation on the overall adequacy of the same.

Furthermore, the Internal Control Committee:

- monitors the financial information process elaboration;
- evaluates, together the administration and accounting in charge of preparing the accounting documents, and the auditors, the correct application of accounting principles and their uniformity for the purpose of preparing the consolidated financial statements and other accounting documents; more in general supervise the process of the legal control of the yearly Company and consolidate accounting;
- makes proposals to the Board of Directors;
- upon request of the executive director to this extent appointed, expresses opinions on specific aspects of the identification of the principal business risks as well as risks related to the design, implementation and management of the internal control system;
- evaluates the proposals made by the auditors for the audit engagement, the work plan prepared for the audit and the results presented in the report and management letter; issue possible proposals to the Board of Directors;
- is responsible for the entire procedure of selection of the "*Revisore Legale*" (auditors), verifies and monitors the independence of the auditors, also as regards the supply to the

Company of ancillary services. The proposal of the appointment of the "*Revisore Legale*" has to be based on an indication from the Internal Control Committee;

- monitors the effectiveness of the audit process, the risk management under Italian law 231/2001 on the administrative liability of companies and on the financial information to the market;
- reports to the Board of Directors on the activity performed, on the adequacy, effectiveness and actual functioning of the internal control system on the occasion of the approval of the yearly and half-year financial statements, on the results of the accounts legal control;
- where necessary, provides preliminary opinion to the Board of Directors on the approval of certain transactions entered into by the Company with related parties.

It shall be noted that the Internal Control Committee has powers and functions equivalent to those set forth by Luxembourg law of 23 July 2016 for the Audit Committee.

Furthermore, the Internal Control Committee reports to the Board of Directors twice a year, on the occasion of the approval of the annual and half-year financial report, on its activity and on the adequacy of the internal control and risk management system. In performing its duties, the Committee has the power to access the information and the business functions necessary to perform its tasks.

In the Financial Year 2019 the Internal Control Committee held three (3) meetings duly recorded with 100% attendance of the directors and an average duration of 1.5 hours. The CFO of the Company, Mr. Alessandro Moro, was invited to attend two (2) of the above mentioned meetings, where the Company's results and other financial figures were analyzed. The auditors do not participate in the Committee meetings as the Company, being incorporated under the Laws of the Grand Duchy of Luxembourg, does not have a board of statutory auditors (i.e. *collegio sindacale*). During such meetings, among other things, the Internal Control Committee has analysed the opportunity of appointing an internal auditor and carried out an audit on the net financial position and the Company's first quarter results.

During 2019, the Internal Control Committee also convened eleven (11) times in order to express opinions on the assignment to the auditing firm (Ernst & Young) of various appointments, mainly related to issues other than statutory audit.

The Committee envisages meeting at least seven (7) times in the 2020 financial year (to this day no meetings have been held). All the considerations expressed by the Internal Control Committee are reported by its Chairman at the earliest Board of Directors meeting.

10. THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Directors, as the body ultimately responsible for the Internal Control and Risk Management System, performs its duties based on a model inspired by the recommendations established by the Borsa Italiana Code and the national and international best practices.

The Company, by means of the Board of Directors and with the assistance of the Internal Control Committee, is continuing to implement and refine the necessary steps in order to maintain an efficient and appropriate System of Internal Control and Risk Management by means of reviewing the existing

procedures periodically and, where necessary, establishing a new set of rules, processes and organizational structures in order to monitor the efficiency of the Company's operations, the reliability of all the information (including the financial information) supplied to the Company bodies and to the market, the compliance with law and regulation for the safeguard of the Company's assets.

The Board of Directors, with the assistance of the Internal Control Committee:

- defines the guidelines of the internal control system, so that the main risks concerning the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, determining, moreover, the criteria for determining whether such risks are compatible with a sound correct management of the Company;
- identifies an executive director (usually, one of the managing directors) for supervising the functionality of the internal control system;
- evaluates, on an annual basis, the adequacy, effectiveness and actual functioning of the internal control system; and
- describes, in the report on corporate governance, the essential elements of the internal control system, expressing its evaluation on the overall adequacy of the same.

10.1 Director in charge of the Internal Control and Risk Management System

The Director in charge for supervising the functionality of the internal control system is Mr. Antonio Tartaro.

10.2. Internal Audit Manager

The Company has long since decided to preside over the quality of its products and processes through a risk integrated management system which covers quality standards, safety, environment and corporate social responsibility.

To this purpose, Group's companies have obtained the following certifications:

- UNI EN ISO 9001:2015 (quality management system);
- UNI EN ISO 22000:2018; Certification UNI 10854:1999 (food safety management system);
- UNI EN ISO 14001:2015 (environmental management system);
- UNI CEI EN ISO 50001:2018 (energy management system);
- UNI EN ISO 45001:2018 - UNI ISO 26000:2010 (safety management system and corporate social responsibility);
- SA 8000:2014 (corporate social responsibility);
- BS OHSAS 18001:2007 (safety management system); and
- UNI ISO 37001:2016 (anti-corruption management system).

As required by the UNI ISO 37001:2016 regulation, on March 19th 2019, the Board of Directors appointed, for the Company and the other companies of the IVS Group involved in the certification process, an anti-bribery officer, in the person of Mrs. Adriana Cerea, to carry out the function of preventing corruption.

The above described certification system moves from an analysis of the context and the risks related to the corporate processes with respect both to voluntary corporate improvement aspects, as well as to legally

mandatory requirements (European, national, regional and local laws and regulations), to evaluate, elaborate and constantly update Group's policies, manuals, procedures, flows and working instructions with the aim to prevent, eliminate and reduce the risks related.

Control over the correct implementation of the processes and the constant updating and improvement of the system is granted by:

- yearly planning of internal auditing activities;
- internal auditing activities which include all the Group's companies and branches (at least two times per year) and are conducted over all the processes and in relation to all the sectors which are risk related; and
- external auditing activities conducted by third parties (i.e., the certification bodies).

The above-mentioned auditing activities are aimed to evaluate the compliance with legally mandatory requirements as well as the general fulfilment and improvement of the targets set up in the yearly plan. The outcomes of the auditing activities are shared with the management of the Company to which belongs the responsibility for the development and enforcement of the risk management system.

The "Quality Standards, HACCP, Safety and Environment" department of the Company, whose person in charge is Mr. Francesco Ferrari, is entrusted to handle the risk integrated management system. In 2019 the Company has funded the subject department, for certification purposes, with an expenditure of Euro 104,000.00.

Pursuant to the principles of the Borsa Italiana Code, as well as to further enhance the internal control and risk management system, in 2019 the Company decided to set up an internal audit function, with faculty to be seconded with other companies belonging to the IVS Group, to carry out the tasks and responsibilities provided for by the Borsa Italiana Code for this function. To this purpose, on November 14th 2019 the Board of Directors appointed Mr. Davide Bizzarri as responsible for the internal audit function. The internal auditor holds adequate professional qualifications and certifications, is not responsible for any operational area and is hierarchically subordinated to the Board of Directors.

In particular, during 2019 the responsible for the internal audit function:

- has verified, both on a continuous basis and in relation to special needs, in conformity with international professional standards, the adequacy and effective functioning of the internal control and risk management system, on the basis of an internal audit plan approved by the Board of Directors and based on the structured analysis, ranking and assessment of the main risks;
- has had direct access to all useful information for the performance of its tasks;
- has drafted periodic reports providing (i) adequate information on its own activity, (ii) an evaluation on the adequacy of the Company's risk management strategy and compliance with the management plans defined for risks' mitigation, (iii) an evaluation on the adequacy of the internal control and risk management system;
- has timely drafted reports on major relevant events;
- has delivered the abovementioned reports to the Chairman of the Board of Directors and the chairman of the Internal Control Committee, the director in charge for supervising the functionality of the internal control system, the person in charge of the Integrated System (Quality Standards, HACCP, Safety and Environment") department of the Company; and
- has verified, within the scope of the audit plan, the reliability of information flows including

the accounting systems.

The budget for the internal auditing for the 2019 Financial Year, both for the Company and the other companies of the IVS Group, has been set at Euro 30,000.00, considering such amount adequate and sufficient.

10.3. Organizational Model in accordance with Legislative Decree No. 231/2001

The Company has resolved to abide to the Legislative Decree n. 231. The Decree has introduced the administrative liability of legal entities and their respective bodies for specific types of criminal offences, referred to in the Legislative Decree committed and prosecutable in Italy in the interests or for the benefit of the same by people who hold functions of representation, administration or direction of the legal entity or its respective bodies or one of its organizational units having financial and functional autonomy as well as by people who exercise, even "*de facto*", the management or control of the same or by persons subject to the direction or supervision of one of the top level subjects.

However, Decree 231 provides for a specific form of exemption from such liability if the company or entity has:

- adopted and effectively implemented an appropriate compliance program that aims to develop an inherently coherent system of procedures, rules and controls to be conducted both in advance and after the fact in order to reduce and prevent the risk of commission of the various types of crimes to a material extent, in particular by identifying and drafting a procedure for each of the sensitive activities identified as most at risk of crime as set out in the Italian Penal Code (the '**Organization, Management and Control Model**' or '**Model**'); and
- entrusted responsibility for supervising the functioning and observance of the Model, as well as for updating the Model, to a specific body of the entity endowed with autonomous powers of initiative, control and spending authority (i.e. the Supervisory Board).

By resolution of the Board of Directors of May 16th, 2012, the Company and the main operative company of the Group, IVS Italia S.p.A., have formally adopted a Model and implemented specific operational procedures aimed at preventing offences.

The same Board of Directors has also approved and adopted the Code of Ethic, which sets forth the fundamental ethical principles to which the Company conforms and with which directors, statutory auditors, employees, consultants, partners and, generally, all those who act in the Company's name and on its behalf are required to comply, as well as appointing the Supervisory Board, charged with the following duties:

- supervising the effectiveness of the Model, putting in place control procedures for specific actions or acts carried out by the Company, while also coordinating with the other corporate functions in order to implement better monitoring of activities at risk;
- periodically reviewing the efficiency and adequacy of the Model, ascertaining that the elements provided in the special parts for the various types of crimes are adequate for the requirements of observance of the provisions of Decree 231 and identifying corporate activities in order to update the map of activities at risk;

- evaluating the advisability of updating the Model when necessary to update it in relation to corporate requirements or conditions; and
- ensuring the required information flows, in part by promoting suitable initiatives to raise awareness and improve understanding of the model and cooperating in drawing up and supplementing internal rules.

The Model has been updated by resolution of the Board of Directors in 2014 and 2016.

The Company's Supervisory Board is composed of three (3) members appointed following due assessment and consideration of the following requirements established for such function by Decree 231: autonomous power of initiative, independence, professionalism, consistency of action, absence of conflicts of interest and integrity.

Current members of Company's Supervisory Board are Ms. Elena Soldani, Mr. Paolo Cerutti and Mr. Francesco Ferrari.

In addition, by resolution of February 9th, 2016 the Board of Directors has approved a code of conduct as regards the internal guidelines in the matter of antitrust and has set up a special committee, finalizing some training sessions of staff too.

The Model is available on the Company's website.

10.4. Audit Firm

According to article 13 of the Articles of Association, the operations of the Company and its financial situation, including, more in particular, its books and accounts, shall be reviewed by one (1) independent auditor. The independent auditor is appointed by the general meeting of Shareholders for a period not exceeding six (6) years, and will hold office until his successor is elected. Auditors are re-eligible and may be removed at any time, with or without cause, by a decision of the general meeting of Shareholders.

On May 14th 2019, the Shareholders' annual general meeting conferred on Ernst & Young S.A., with its establishment in Luxembourg, the office of independent external auditor (*réviseurs d'entreprises agréés*) of the Company's consolidated and statutory annual accounts for a one (1) year term, due to expire at the shareholders' meeting for the approval of the Company accounts for the financial year ending on December 31st, 2019.

10.5 Manager in charge of the preparation of the Company's Financial Reports

According to Luxembourg Transparency Law the Manager in charge of the preparation of the Company's financial reports must be a senior executive having the necessary capacity and knowledge to have a reasoned opinion on the financial statements. The person referred to could be, for instance, the Chairman of the Board of Directors, the CEO or another member of the management. The name and function of the said responsible is clearly indicated in the relevant statement where, to the best of his knowledge, the person responsible declares that the financial statements are prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole and that the management report includes a fair review of the development and performance of

the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

To this end, Mr. Alessandro Moro (Chief Financial Officer) who is the Manager in charge of the preparation of the Company's financial reports, puts in place appropriate administrative and accounting procedures in order to prepare the periodic statutory and consolidated Financial Reports and any other disclosure of a financial nature.

The aforesaid management certification was duly executed by Mr. Antonio Tartaro (Chief Executive Officer – CO-CEO) and Mr. Alessandro Moro (Chief Financial Officer) in his capacity as Manager in charge of the preparation of the Company's financial reports.

10.6 Guidelines for the Internal Control and Risk Management System (coordination between the parties involved in the internal control and risk management system)

The Company has long since decided to preside over the quality of its products and processes through a risk integrated management system which covers quality standards, safety, environment and corporate social responsibility.

Control over the correct implementation of the processes and the constant updating and improvement of the system is granted by:

- yearly planning of internal auditing activities;
- internal auditing activities which include all the IVS Group's companies and branches (at least two times per year) and are conducted over all the processes and in relation to all the sectors which are risk related; and
- external auditing activities conducted by third parties (i.e., the certification bodies).

The above-mentioned auditing activities are aimed to evaluate the compliance with legally mandatory requirements as well as the general fulfilment and improvement of the targets set up in the yearly plan.

The "Quality Standards, HACCP, Safety and Environment" department of the Company, whose officer in charge is Mr. Francesco Ferrari, is entrusted to handle the risk integrated management.

An effective internal control and risk management system is also guaranteed by coordination between the various parties involved, and in particular between the responsible for internal audit function and the responsible for the "Quality Standards, HACCP, Safety and Environment" department, in order to implement better monitoring of activities at risk. To this end, the outcomes of the auditing activities are promptly shared between them, and also with the management of the Company, to which belongs the responsibility for the development and enforcement of the risk management system.

11. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

On October 27th 2014, the Board of Directors, upon previous recommendation by the Internal Control Committee, approved and implemented a policy for transactions with related parties (the "**Policy**"), establishing the guidelines of conduct that the Company, together with its subsidiaries, must comply with in order to ensure transparency and fairness, both substantial and procedural, of transactions

with related party. In establishing such guidelines, the Company has mainly relied upon the Regulations on transactions with related parties issued by Consob on March 12th 2010 as subsequently amended.

The Policy aims to establish rules of conduct that the Company is required to comply with in order to ensure a proper management of transactions with related parties. For that sake the Policy (i) determines the criteria and procedure to follow for identification and mapping of related parties of the Company, the criteria and timing for updating the list of related parties and the relevant corporate entities charged with its update; (ii) set the guidelines for identification of related party transactions prior to the execution of the transactions; (iii) governs the procedures to follow in case the Company, also through subsidiaries, trustees or intermediary, is involved in transactions with related parties, and highlights the internal guidelines aimed at ensuring transparency as well as substantial and procedural fairness of such transactions; (iv) establishes how to comply with disclosure requirements

The Policy indicates the Transactions of Greater Significance, the Transactions of Lesser Significance and the Ordinary Transactions with Related Parties, which include related party transaction, including the Transactions of Greater Significance falling within the scope of the ordinary management of business operations or of the related financial activities which have been carried out on Equivalent to Market or Standard conditions and that are, therefore, excluded by the application of the procedural rules set by the Policy.

According to the Policy, the Transactions of Greater Significance and the Transactions of Lesser Significance shall be subject to a prior opinion on the part of the Internal Control Committee. In order to express an opinion, the Internal Control Committee must be supplied in suitable advance with exhaustive information on the related party transactions in question. If the transaction conditions are deemed of transaction equivalent to market or standard conditions, the documentation drawn up must contain objective elements evidencing the fact.

Before approving a Transaction of Lesser Significance, the Internal Control Committee expresses a non-binding reasoned opinion on the Company's interest in carrying out the related party transaction and the economic convenience and substantial and formal fairness of the relative terms. Should transactions carried out despite a negative opinion expressed by the Internal Control Committee, within 15 days of the end of each quarter, the Company makes available to the public, through publication on the company's website, a document specifying the counterparty, object and amount of all related party transactions approved in the reference quarter as well as the reasons why it was decided not to agree with the Internal Control Committee's opinion.

In case of Transactions of Greater Significance, the Internal Control Committee shall be involved in the negotiating stage and in the examination stage by receiving a complete and immediate information flow, with the power to request information from and to address observations to the delegated bodies and the subjects in charge of the negotiations or the enquiries.

At least three (3) days before the meeting, the Committee shall forward to the Board of Directors of the Company its binding opinion on the convenience and substantial fairness of the relative terms for transaction carried out, explaining the reasons stated in the opinion and the conditions on which the conclusion of the transaction is subject to.

The Company provides in its interim management and annual reports the information on individual

Transactions of Greater Significance, any related party transactions closed in the reporting period that significantly affected the Company's equity or results in the reporting period.

During the 2019 Financial Year the Company duly implemented the provisions of the above-mentioned internal Policy by previously assessing, according to the above explained procedure, all the Transactions of Greater Significance and the Transactions of Lesser Significance with Related Parties mainly carried out by the Company and its operating Subsidiaries.

12. APPOINTMENT OF STATUTORY AUDITORS

The Company does not appoint Statutory Auditors (*sindaci*) because the Luxembourg *lex societatis* does not contemplate such an appointment.

13. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (pursuant to Article 123-*bis*, paragraph 2, clause d), of the TUF)

The Company does not have a board of statutory auditors because the Luxembourg Law on Commercial Companies does not contemplate such an appointment.

14. RELATIONS WITH THE SHAREHOLDERS

The Company, through its Senior Investor Relations Manager, promote an ongoing dialogue with institutional investors, shareholders and the markets to ensure systematic dissemination of exhaustive, complete, and timely information on its activities, in accordance with legal requirements and on the basis of corporate governance standards and recommendations from relevant organizations, with the sole limitation imposed by the confidential nature of certain information.

Currently the function of Senior Investors Relations Manager is held by Mr. Marco Giacinto Gallarati, who is in charge of handles the relation with investors of the Company.

More information is available on the Website. The "Financial info" section provides share information, historical financial data, press releases and institutional presentations.

15. GENERAL MEETINGS OF SHAREHOLDERS

As regards the Shareholders meeting's functioning and powers, the Shareholders' rights and their relevant means of exercise, the Articles of Association of the Company completely refers to Luxembourg Law on Commercial Companies.

In compliance with the Articles of Association, a general shareholders' meeting is convened at least once a year under the terms of law in order to resolve upon the issues that law and the Articles of Association make it responsible for. General meetings take place at the location and time specified in the notices and in compliance with Luxembourg Law on Commercial Companies.

The extraordinary shareholders' meeting is convened whenever necessary to resolve upon a change in the Articles of Association of the Company as required by the Luxembourg Law on Commercial

Companies or the Articles of Association.

The meeting agenda is established by whoever exercises the power to call a meeting, pursuant to the Luxembourg Law on Commercial Companies and to the Articles of Association, in line with - whereas a meeting is convened upon request from Shareholders – the comments contained in said request. In accordance with Article 4 of the Shareholders' Rights Law, one or more shareholders, who, also collectively, hold at least five (5)% of the Company share capital, has the right, on certain conditions and terms, to introduce new meeting agenda items and to submit the proposals for approval of those items included or to be included in the meeting agenda.

A specific regulation approved by the Board of Directors on January 24th 2013 disciplines in detail the orderly proceedings of the shareholders meeting. This regulation - which defines the rights and obligations of all parties attending a Shareholders meeting and provides clear and unambiguous rules, without limiting the right of individual shareholders to voice their opinions and demand explanations about items on the agenda, as amended - is posted and available in the Governance section of the Website.

The Chairman and, upon his invitation, those who assist him under Article 4, paragraph 8 of the Shareholders meeting regulation, explain the items in the meeting agenda and the proposals to be submitted for the approval of the Shareholders. In discussing said items and proposals, the Chairman, as long as the shareholders do not oppose, may depart from the order of discussion indicated in the convening notice and may decide that all or some of the items in the meeting agenda are dealt at one time. Every share entitles to one vote.

Shareholders may confer a written power of attorney to a third party, who needs not to be a Shareholder of the Company, to be represented in any general Shareholders meeting.

Each Shareholder may vote by way of voting forms provided by the Company. Voting forms indicate the date, place and agenda of the meeting, the text of the proposed resolutions as well as for each resolution, three (3) boxes allowing voting in favor, against or abstention from voting. Voting forms must be sent back by the shareholders to the Company registered office.

Only voting forms received prior to the record date (*i.e.*, fourteen (14) days prior to the convened meeting) are considered for the calculation of the quorum. Voting forms showing neither a vote (in favor or against the proposed resolutions), nor an abstention, are void. Resolutions of the ordinary Shareholders meeting are passed by a simple majority of the votes cast, regardless of the proportion of the share capital represented unless otherwise provided for by the Luxembourg Law on Commercial Companies or in the Articles of association.

The extraordinary general meeting of the Shareholders may amend the Articles of Association only if at least half of the share capital is represented and the meeting agenda indicates the proposed amendments as well as the text of any proposed amendments to the corporate object or type of the company. If the required majority is not reached, a second meeting may be convened in the same manner described in article 10.2 of Articles of Association provided that the convening notice may be published at least seventeen (17) days prior to the Shareholders general meeting. Such notice reproduces the meeting agenda and indicates the date and results of the previous meeting. The second meeting deliberates validly regardless of the proportion of the capital represented. At both meetings, resolutions

must be adopted by at least two-thirds (2/3) of the votes cast.

The commitment of the Shareholders may be increased only with the unanimous consent of the Shareholders.

During the Financial Year, the Company held its annual general Shareholders' Meeting on May 14th 2019. The Chief Executive Officer of the Company Mr. Antonio Tartaro (CO-CEO), participated in the aforesaid meeting.

During the Financial Year, no significant changes occurred in the market capitalization of the Company's shares.

16. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (in accordance with article 123-*bis*, paragraph 2, clause a) TUF)

The Company does not refer to or apply additional corporate governance practices.

17. CHANGES SINCE THE END OF THE FINANCIAL YEAR.

There have been no changes in the Company's corporate governance structure since the end of the 2019 financial year.